

**Internal Revenue Service**

**Department of the Treasury**

District  
Director

P.O. Box 2508, Cincinnati, OH 45201

Person to Contact:

Telephone Number:

Refer Reply to:

EP/EO

Date:

Dear Sir or Madam:

By our letter dated August 1, 1985, we proposed to deny your application for recognition of exemption under section 501(c)(2) of the Internal Revenue Code of 1954. This proposal was based on our determination that you are not affiliated with another organization which is exempt from Federal income tax.

You have agreed to this proposal by signing Form 6018, Consent to Proposed Adverse Action. Accordingly, this letter becomes our final determination.

Since you are not exempt, you must file all Federal tax returns required of you by the Internal Revenue Code.

This is a denial letter.

Sincerely yours,

District Director

Internal Revenue Service

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P.O. Box 2508, Cincinnati, OH 45201

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AUG 1 1985

Dear Sir or Madam:

- We have considered your application for recognition of exemption from Federal income tax under the provisions of section 501(c)(2) of the Internal Revenue Code of 1954 and its applicable Income Tax Regulations. Based on the available information, we have determined that you do not qualify for the reasons set forth on Enclosure I.

Consideration was given to whether you qualify for exemption under other subsections of section 501(c) of the Code and we have concluded that you do not.

As your organization has not established exemption from Federal income tax, it will be necessary for you to file an annual income tax return on Form 1120.

If you are in agreement with our proposed denial, please sign and return one copy of the enclosed Form 6018, Consent to Proposed Adverse Action.

You have the right to protest this proposed determination if you believe that it is incorrect. To protest, you should submit a written appeal giving the facts, law and other information to support your position as explained in the enclosed Publication 892 (Rev. 7-83), "Exempt Organizations Appeal Procedures for Unagreed Issues". The appeal must be submitted within 30 days from the date of this letter and must be signed by one of your principal officers. You may request a hearing with a member of the office of the Regional Director of Appeals when you file your appeal. If a hearing is requested, you will be contacted to arrange a date for it. The hearing may be held at the Regional Office, or, if you request, at any mutually convenient District Office. If you are to be represented by someone who is not one of your principal officers, he or she must file a

(2)

[REDACTED]

proper power of attorney and otherwise qualify under our Conference and Practice Requirements as set forth in Section 601.502 of the Statement of Procedural Rules. See Treasury Department Circular No. 230.

If we do not hear from you within the time specified, this will become our final determination.

Sincerely yours,

[REDACTED]

[REDACTED]

District Director

Enclosures: 3

ENCLOSURE I

The information submitted with your exemption application disclosed that you were organized on [REDACTED], as a nonprofit corporation under the laws of the State of [REDACTED]. Your purposes are to:

Purchase and manage real estate for the use of those in fellowship as gathered to the Lord's name, it being the intent of the corporation to purchase real estate and then lease it to others for bonafide religious purposes, without profit.

You have stated that the organization has been formed to hold legal title to property for the use of Christians sometimes referred to as "those gathered to the name of our Lord Jesus Christ." Funds will be used for the construction and maintenance of the building the organization plans to build.

You are not affiliated with any other organization. Title to property is held for the Christians gathered to the name of the Lord Jesus Christ. These Christians are not organized as a legal entity nor do they own any shares of [REDACTED]. Net annual income will not be turned over to the Christians gathered to the name of the Lord Jesus Christ. However, the organization does not expect to have any net annual income as the building will be provided to those using it at no cost.

Section 501(c)(2) of the Code provides for the exemption from Federal income tax of corporations organized for the exclusive purpose of holding title to property, collecting income therefrom, and turning over the entire amount thereof, less expenses, to an organization which itself is exempt under section 501(a) of the Code.

Section 1.501(c)(2)-1(b) of the Income Tax Regulations provides in part that an organization described in section 501(c)(2) of the Code must turn the entire amount of its income over to another organization which is exempt.

The statute does not specify the relationship that must exist between the title holding corporation and the exempt organization that it feeds. However, an exempt organization receiving support from a title holding company must exercise some control or ownership over the title holding company supporting it. (See Revenue Ruling 71-544, 1971-2 C.B. 227). The absence of some control by the supported organization will be fatal to the exemption of a title holding corporation.

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Since you have indicated you are not affiliated with another organization which is exempt from Federal income tax, you cannot qualify for exemption under section 501(c)(2) of the Code. Accordingly, exemption thereunder is denied.